



PSC NEWS

Missouri Public Service Commission

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FY-06-80

FOR IMMEDIATE RELEASE

NOVEMBER 3, 2005

Natural Gas Rates To Increase For Atmos Energy—Neelyville District Customers Under Scheduled Winter Filing

JEFFERSON CITY—To primarily reflect estimated changes in the wholesale cost of natural gas for the upcoming winter heating season, Neelyville District customers of Atmos Energy Corporation will experience an increase in natural gas rates under a filing which takes effect on November 4, 2005. This increase is interim subject to refund.

A residential customer paid approximately \$0.64 per Ccf (per 100 cubic feet of gas) during the winter of 2004-2005. Under this filing, the rate will increase to approximately \$0.87 per Ccf (per 100 cubic feet of gas), an increase of approximately \$0.23 per Ccf. Last winter, a residential customer using 599 Ccf had a bill of \$569; if weather is normal this year, that same customer would use approximately 647 Ccf for a bill of approximately \$760, before taxes. This represents an increase of approximately 34%. These numbers reflect more usage as well as the higher unit price of natural gas projected for this winter versus last winter.

The PSC Staff noted in its recommendation that the Purchased Gas Adjustment (PGA) rates for this area are not abnormally high when compared to the state-wide weighted average price per Ccf for the projected 2005-2006 winter season. Atmos' PGA rates for the 2004-2005 winter season were among the lowest in the state which, the PSC Staff states, accounts for the high percentage increase of projected winter costs for this winter season when compared to last season's heating costs.

Current natural gas market prices are at record levels for this time of the year based upon a number of factors including recent hurricanes, above average summer temperatures resulting in increased demand for natural gas-fired generators to serve air-conditioning load and high crude oil prices.

Approximately 65% to 80% of a customer's natural gas bill reflects the cost of natural gas from wholesale suppliers. The wholesale cost of natural gas (the cost your local natural gas company must pay to its suppliers for natural gas) is not regulated by the Missouri Public Service Commission. The wellhead cost of natural gas is unregulated and is primarily driven by supply, demand and the weather. The Missouri Public Service Commission does conduct an annual regulatory review to ensure that regulated natural gas companies make prudent decisions in securing natural gas supplies for their customers.

Atmos Energy Corporation serves approximately 125 natural gas customers in its Neelyville District which includes the Missouri counties of Ripley and Butler.